

---

## Ways & Means Committee

---

### HJM 4012

**Brief Description:** Requesting the adoption of federal legislation granting states remote collection authority for remote sales.

**Sponsors:** Representatives Sullivan, Hunter, Billig, Ladenburg, Fitzgibbon, Kenney and Ormsby.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Requests Washington's congressional delegation to support the swift adoption of federal legislation that would allow states to collect sales and use taxes on remote sales.</li></ul>
---



**Hearing Date:** 12/12/11

**Staff:** Jeffrey Mitchell (786-7139).

**Background:**

Washington and 45 other states impose retail sales and use taxes. These taxes are imposed on the retail sale or use of most items of tangible personal property and digital products and some services. The rates, definitions, and administrative provisions relating to sales and use taxes vary greatly among the approximately 7500 state and local taxing jurisdictions. This variety is one reason cited in *Quill v. North Dakota*, 112 S.Ct. 1904 (1992), where the United States Supreme Court held that the federal commerce clause prohibits a state from requiring mail-order, and by extension internet, firms to collect and remit state and local sales taxes unless they have a physical presence in the state.

An effort was started in early 2000 by the Federation of Tax Administrators, the Multistate Tax Commission, the National Conference of State Legislatures, and the National Governors Association, to simplify and modernize sales and use tax collection and administration nationwide. The effort is known as the Streamlined Sales Tax Project (SSTP). The purpose of the project was to simplify sales tax collection across the country in order to address the issues raised

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

in the *Quill* case. In the 2002 Legislative Session, the Legislature adopted the Simplified Sales and Use Tax Administration Act, which authorized the Department of Revenue (DOR) to be a voting member in the SSTP. Many other states have also authorized such participation, and representatives have met to develop an agreement to govern the implementation of the SSTP. This agreement, called the Streamlined Sales and Use Tax Agreement (SSUTA), was adopted by 34 states and Washington, D.C. in November 2002. During the 2003 Legislative Session, the Legislature enacted legislation at the request of the DOR to implement the uniform definitions and administrative provisions of the SSUTA. However, the legislation did not implement several provisions that are necessary for the state to conform fully to the SSUTA, including a provision that would require the state to change its local sales and use tax sourcing rules. In 2007 the Legislature adopted the remaining provisions needed to fully conform to the SSUTA, which allowed Washington to be a full member state. To date, 24 states are in full compliance with the SSUTA.

In 2011 several bills have been introduced in the United States Congress that would grant states the authority to require all sellers, regardless of nexus, to collect those states' sales and use taxes.

**Summary of Bill:**

The Joint Memorial requests Washington's congressional delegation to support federal legislation that would grant states the authority to require all sellers to collect those states' sales and use taxes. It also asks President Obama to sign the federal legislation into law, upon passage by Congress.

**Appropriation:** None.

**Fiscal Note:** Not requested.